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Weekly Contributions 31-50
Latin America Division, ORE, CIA
1 August 1950

CURRENT DEVELOPMENTS

GENERAL: Although Latin American countries have approved the decisions of the Security Council on the matter of Korea, little aid, other than economic, may be expected from them (p. 2).

SOUTHERN AREA: Chile's Communists have become more active recently without encountering government resistance because at this time the administration wants to avoid Communist-inspired opposition to its new economic program (p. 2).

SPECIAL SUBJECTS

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1. GENERAL: Latin American Response to UN Request for Assistance in Korea

All the nations of Latin America have approved the decisions of the Security Council on the matter of Korea, but thus far only Bolivia and Costa Rica have made specific offers of military aid (thirty officers from Bolivia and volunteers and naval and air bases from Costa Rica) in response to SYG Lie's telegram of 14 July to UN members requesting effective assistance (including combat forces, particularly ground troops) for the UN Unified Command in Korea. Eight Latin American governments (Argentina, Brazil, Colombia, Cuba, Dominican Republic, Mexico, Nicaragua, and Peru) have expressed their willingness to consult with the Unified Command concerning the possibility of rendering military assistance. Some of these have also offered economic aid, and three other nations (Ecuador, Paraguay and Venezuela) have indicated that although they are unable to send combat forces they are ready to give general or specific economic assistance. Guatemala's reply was simply an acknowledgment of the telegram. Although Chile has not as yet responded to this particular UN request, it will probably repeat its earlier offer of strategic materials, namely copper and nitrates.

The hesitation on the part of Latin Americans to make military commitments in the Korean struggle at this time is not unexpected (D/LA Wkly, 5 Jul 50). Contributing factors to such hesitation are: 1) initial confusion and uncertainty in reacting to an unprecedented situation, including the difficulty of deciding what their role will be in a conflict geographically remote from the Western Hemisphere where obviously the US must assume the major share of the burden; 2) domestic considerations within certain Latin American countries such as isolationism in Argentina and elections in Brazil; 3) an apparent desire to "wait and see" what neighbors will do; 4) points at issue between the US and various Latin American governments (particularly Brazil) which have aroused anti-US feeling in the post-war period; and 5) inability of most of the other American republics to furnish any military aid beyond token contributions. As a result, it is doubtful that much concrete assistance, except economic, can be expected from Latin America unless it becomes clearly evident that the Hemisphere is threatened and World War III at hand.

2. CHILE: Communists Becoming More Openly Militant

Chilean Communists are becoming more militant, and whenever possible, less clandestine in their operations in an apparent effort to test government and popular reactions to an all-out campaign. Recent evidence makes it seem more probable that these active efforts are centrally directed than was the case earlier (D/LA Wkly, 11 Jun 50). Since formation in February of the present government coalition and expiration of the Special Powers Act in March, the former Communist technique of covertly creating trouble has been largely supplanted on

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numerous occasions recently by more openly aggressive tactics. Communists have not only participated in the almost continuous succession of strikes, but also have reportedly instigated strikes (notably that of the Maria Elena nitrate mine). Communist chairmanship and virtual monopoly of a recent JUNECH meeting indicates that they have infiltrated this formerly apolitical white collar employee's federation. Communists have openly and vigorously campaigned among leftist groups for repeal of the Defense of Democracy Law, and are trying openly to identify themselves with political efforts to improve the situation of the working classes in order to offset their failure to support the Vial economic plan in Congress.

The Communist appear to have regained some of their former efficiency to instigate and maintain labor disturbances, but do not appear to have so improved their position as to be able to paralyze vital industries, or to overthrow the government alone or with the cooperation of other leftist groups. It is believed that this increase Communist activity is being tolerated by the government because this activity is so far of minor proportions, and possibly because of the government's desire to avoid left-wing disturbances at the inception of its new economic program. In the event of an outbreak of serious violence, however, the government--still basically anti-Communist--would reimpose strict repressive measures.

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The Current Situation in Cuba

(Summary --- The Prío government remains stable, but its capacity for positive action in support of US security objectives has been somewhat weakened. The economic situation remains favorable. The armed forces are not well prepared for anti-Communist action. Communist capabilities in Cuba are still substantial. The Cuban government has indicated its approval of the UN action against the Communist aggression in Korea and is considering action to limit the activities of the Soviet Embassy in Habana.

--- US security interests are threatened by Communist capabilities in Cuba and by the inadequacy of present governmental action against Communism.)

Political

The Prío administration remains stable, but its capacity for positive action in support of US security objectives has been somewhat weakened by the outcome of the June by-elections and by the continued tolerance of Communism in Cuba. The defeat of candidates that the president sponsored in the election adversely affected his position as leader of the Auténtico Party, which is the major support of the Prío government. Further, increasing rivalry within the Auténtico Party for leadership and for the 1952 presidential nomination has increased the incipient Auténtico disunity within the administration and in congress.

During coming months the Prío government will remain stable, but these disturbing factors, plus the opposition of parties not allied to the Prío government, will continue and will at the same time decrease the chances for prompt action on important problems. During the present period of semi-war, governmental action is, and will continue for some time to be, hampered by local politics and by the inadequate recognition of the threat Cuban Communism presents to Cuban political and economic institutions and to Cuba's capacity to fulfill its defense obligations. In the event of an outbreak of general world hostilities, however, all political parties except the Communists would rally around the president in matters affecting national defense.

Economic

The economic situation remains favorable. Industrial and mineral production and commercial trade are fairly satisfactory; reports have indicated a probable budget surplus of several million dollars at the end of the 1949-50 fiscal year; and a new exchange agreement with Spain has ended the break in commercial relations (dating from early 1949),

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thus ensuring a renewal of Spain's purchases of Cuban products, the payment of commercial debts owed to Cuba, and the unfreezing of Cuban exchange in Spain. The Korean war has stimulated sugar sales and all of the unexpectedly large 1950 sugar crop of 6.1 million short tons -- the third largest since 1930 -- will probably be sold at favorable prices.

The government may try to carry out agrarian reforms and public works because of the seriously increasing unrest among the farm population (a result of mass evictions of tenant farmers and share croppers under loopholes in a land law passed by the present government) and also because the administration could improve its prestige by initiating some popular economic projects between now and the 1952 presidential election. It is believed that the present favorable economic situation will continue in coming months.

Military

Cuba's armed forces, which are pro-US and anti-USSR and loyal to the present administration in Cuba, are strong enough to maintain the authority of the State under ordinary circumstances but are not well prepared for efficient action against Communist sabotage or psychological warfare. The armed forces have excellent morale, are well disciplined, and are trained in the use of firearms and experienced in the type of military duty ordinarily needed in Cuba. However, the absence of any well-formulated anti-Communist policy in Cuba probably has prevented adequate training of the armed forces in the detection and suppression of dangerous Communists. In addition, the efforts of the chief of the national police to increase police efficiency have reportedly been hampered by the interference of government officials and politicians on behalf of gangster or other subversive elements.

Subversive

Communist capabilities in Cuba are still substantial and the Communists constitute a direct threat to US security interests at this time. It is true that anti-Communist feeling in Cuba has greatly intensified since the Communist aggression in Korea, and public demands for anti-Communist action are increasing. Anti-Communist action was recently taken by the National Federation of Electrical Workers which has authorized member unions to oust Communists from strategic jobs in the electrical industry. The government has taken various actions against individual Communist activities since the start of the Korean war, and is considering means of cutting Communist propaganda media such as the newspaper Hoy; in addition, the president has discussed with military commanders problems related to the prevention of physical sabotage. On the other hand, the president has expressed his intention to delay asking the congress to outlaw the Communist Party (Partido Socialista Popular) until he is absolutely sure of majority backing for such action. Such action is apparently impracticable at present because of the tendency of

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politicians of all parties (except the Ortodoxos) to make advantageous deals with the Communists, and also because many people might consider the outlawing of the entire Communist Party at this time as unfair to the large number of non-militant members (probably about 100,000 out of 127,000) who are not necessarily unequivocally pro-USSR. It is believed that the president may consider it necessary to delay action to outlaw the party until the effects of the UN-USSR war may split the non-militants off from the militant Communists (a possibility in event of all-out war or of physical sabotage in Cuba), or until the worsening of the international situation removes present political obstacles to effective anti-Communist action by the government.

The Communists have considerable political influence at present, and are reportedly being given positions in the Habana city government as a reward for the prominent part they played in electing Nicolás Castellanos mayor in the June elections. In addition, the Communists still have enough labor influence in key industries (sugar, maritime, transport) to create decisive labor agitation and strikes, their propaganda appeal to low-income groups is effective, and physical sabotage is a possibility since dangerous Communists are still at large and the present police surveillance may not prove adequate.

International

The Cuban government has indicated its complete approval of UN action against Communist aggression in Korea, has instructed its delegate to the Security Council to support any UN initiative to contain present aggression in Korea, and has indicated its willingness to fulfill its military obligations under the UN Charter. It is estimated that the present cooperative attitude will be maintained in coming months.

President Prío is considering action against the Soviet Embassy in Habana by limiting the number of persons on the embassy staff and restricting the entry of Soviet couriers to about one every three months rather than one a week as at present. As this embassy is important in Russian activities in the Caribbean area, such action by the Cuban government would definitely favor US interests.

Relations with other Latin American countries are somewhat improved. There appears to be a lessening of the strain in relations with Venezuela that had developed late in May because of the Venezuelan Junta's sensitivity to the derogatory remarks of the Cuban press and of some Cuban officials. Relations with the Dominican Republic have temporarily improved, and that country's claims against Cuba because of the abortive Cayo Confites expedition have been settled through the return of the Dominican vessel, Angelita. It is thought that, barring unexpected events, Cuban-Dominican relations will remain relatively restrained in coming months and that, if the semi-war situation continues, intra-Caribbean activities in general will have a relatively minor place in Cuban foreign affairs.

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